EXTRACT OF THE MINUTES OF THE COUCNIL MEETING HELD ON 30 MARCH 2017

9.1.1
Item number A48. 30.03.2017

DRAFT BUDGET: MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2017/2018

Report of the Director: Financial Services: Mr H Schlebusch

Department	Financial Services
Section	Financial Services
Proposed File Number	5/1/1/21

PURPOSE OF THE REPORT

To submit to council the draft medium term revenue and expenditure framework 2017-2018 and to make recommendations on the budget related policies.

FACTS AND BACKGROUND

In terms of section 16 (1) of the Municipal Financial Management Act, 2003 (Act 56 of 2003) (MFMA), the council of a municipality must for each financial year approve an annual budget for the municipality before the start of the financial year. Further 16 (2) of the MFMA stipulates that in order for a municipality to comply with subsection (1), the Mayor of the *municipality must table the annual budget at a council meeting* at least 90 days before the start of the budget year. Subsection 3 of section 16 stipulates that Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.

The Documentation will be distributed as a separate document.

DISCUSSION

Annual Budget

The Annual Budget will be presented to council for final approval in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) at the council meeting scheduled for May.

The annual budget for the financial year 2017/18 contains multi-year and single-year capital appropriations as set out in the following tables:

- Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Section 4 of the annual budget report Table A2;
- Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Section 4 of the annual budget report Table A3;
- Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Section 4 of the annual budget report Table A4; and
- Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Section 4 of the annual budget report Table A5.

The annual budget as tabled for the financial year 2017/18 also contains the financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

- Budgeted Financial Position as contained in Section 4 of the annual budget report Table A6;
- Budgeted Cash Flows as contained in Section 4 of the annual budget report Table A7;

- Cash backed reserves and accumulated surplus reconciliation as contained in Section 4 of the annual budget report Table A8
- Asset management as contained in Section 4 of the annual budget report Table A9; and
- Basic service delivery measurement as contained in Section 4 of the annual budget report Table A10.

The proposed tariffs, charges and fees for 2017/ 2018 for property rates; electricity-; water-; sanitation; solid waste services and other services charges as set out in Annexure A.

Budget related polices

The contents of the annual budget is set out in section 17 of the MFMA. In terms of section 17 (3) (e) if the MFMA the budget proposals must also contain proposed amendments to the budget related polices.

The following budget related polices exist currently and have been circulated by email to all councillors as it is too costly to circulate printed copies:

1. Client services, Credit Control and Debt Collection Policy
2. Bad Debt Write off Policy
3. Rates Policy
4. Banking, Cash Management end Investment Policy
5. Budget Policy
6. Funding and Reserve Policy
7. Tariff Policy
8. Indigent Support Policy
9. Supply Chain Management Policy Principles and Operational Systems
10. Preferential Procurement Policy
11. Petty Cash Policy
12. Irregular Expenditure
13. Asset Management policy

LEGAL REQUIREMENTS

Sections 16 tot 24 of the MFMA and the Municipal Budget and reporting regulations, 2008.

FINANCIAL IMPLICATIONS

As per the proposed budget and recommendations.

PERSONNEL IMPLICATIONS

As per the proposed budget and recommendations

COMMUNICATION IMPLICATIONS

In terms of the stipulations of section 21 and 34 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) as amended and section 22 of the Local Government Municipal Finance Management Act, 2003 (56 of 2003) the proposed budget and related documents will be advertised and placed on the municipal website and provided to the ward committees for input, comments and objections.

The budget related polices will not be distributed. The advertisement will also contain the list of budget related polices for scrutiny by the public. The budget related policies is open for inspection on the municipal website and can be made available to any member of the public.

RECOMMENDATION

The Council approved and adopted the following resolutions in principle for public scrutiny and comment:

1. The Council of Swellendam Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

   1.1 The annual budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:(version 2.8 refers to audited outcomes for 2013/14, 2014/15, 2015/16 financial years and budgeted information as well as forecast for 2016/17 financial year and version 6.1 refers to 2017/18, 2018/19 and 2019/20 financial years)

   1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Section 4 of the annual budget report Table A2 of the 2.8 and 6.1 version;

   1.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Section 4 of the annual budget report Table A3 of the 2.8 and 6.1 version;

   1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Section 4 of the annual budget report Table A4 of the 2.8 and 6.1 version; and

   1.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Section 4 of the annual budget report Table A5 of the 2.8 and 6.1 version.

   1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

   1.2.1 Budgeted Financial Position as contained in Section 4 of the annual budget report Table A6 of the 2.8 and 6.1 version;

   1.2.2 Budgeted Cash Flows as contained in Section 4 of the annual budget report Table A7 of the 2.8 and 6.1 version;

   1.2.3 Cash backed reserves and accumulated surplus reconciliation as contained in Section 4 of the annual budget report Table A8 of the 2.8 and 6.1 version

   1.2.4 Asset management as contained in Section 4 of the annual budget report Table A9 of the 2.8 and 6.1 version and

   1.2.5 Basic service delivery measurement as contained in Section 4 of the annual budget report Table A10 of the 2.8 and 6.1 version.

2. The Council of Swellendam, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with affect from 1 July 2017 the tariffs for property rates; electricity-; water-; sanitation-; solid waste services and other services charges as set out in Annexure A, in principle for public scrutiny and comment:
3. That the Council take cognisance of the draft SDBIP for 2017/18 and the draft performance agreements of the senior managers and that these documents be placed on the website.
4. That the following policies be approved in principle for public scrutiny and comment and the public invited to scrutinise it on the website or at the various municipal buildings or libraries:
   (i) Rates Policy
   (ii) Customer care, credit control and debt collection policy
   (iii) Bad debt write-off policy
   (iv) Irregular expenditure policy
   (v) Tariff policy
   (vi) Funding and Reserve policy
   (vii) Budget policy
   (viii) Banking, cash management and investment policy
   (ix) SCM policy
   (x) Preferential Procurement Policy
   (xi) Asset Management Policy
   (xii) Petty Cash Policy
   (xiii) Indigent Policy
   (xiv) Borrowing Policy

PROPOSALS

Councillor J.A. Matthysen proposes that the recommendation is not accepted as they did not have sufficient time to study the documents, that the documents must be made available in Afrikaans to make it more understandable to the public, and also that the information must be explained to the public. **(Proposal 1)**

COUNCILLOR H.F. DU RAND ASKS COUNCILLOR J.A. MATTHYSEN TO EXPLAIN WHAT HE UNDERSTANDS UNDER THE INDIGENT POLICY, WHEREBY THE SPEAKER RULES THAT THEY CAN DEAL WITH THE MATTER AFTERWARDS.

Proposed: **Cllr. J.A. Matthysen**
Seconded: **Ald. J. C. Nortje**

Councillor N.G. Myburgh proposes that the following recommendation be accepted: (Proposal 2)

The Council approved and adopted the following resolutions in principle for public scrutiny and comment:

1. The Council of Swellendam Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

1.1 The annual budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:(version 2.8 refers to audited outcomes for 2013/14, 2014/15, 2015/16 financial years and budgeted information as well as forecast for 2016/17 financial year and version 6.1 refers to 2017/18, 2018/19 and 2019/20 financial years)

1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Section 4 of the annual budget report Table A2 of the 2.8 and 6.1 version;

1.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Section 4 of the annual budget report Table A3 of the 2.8 and 6.1 version;

1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Section 4 of the annual budget report Table A4 of the 2.8 and 6.1 version; and

1.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Section 4 of the annual budget report Table A5 of the 2.8 and 6.1 version.

1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

1.2.1 Budgeted Financial Position as contained in Section 4 of the annual budget report Table A6 of the 2.8 and 6.1 version;

1.2.2 Budgeted Cash Flows as contained in Section 4 of the annual budget report Table A7 of the 2.8 and 6.1 version;

1.2.3 Cash backed reserves and accumulated surplus reconciliation as contained in Section 4 of the annual budget report Table A8 of the 2.8 and 6.1 version

1.2.4 Asset management as contained in Section 4 of the annual budget report Table A9 of the 2.8 and 6.1 version and

1.2.5 Basic service delivery measurement as contained in Section 4 of the annual budget report Table A10 of the 2.8 and 6.1 version.

2. The Council of Swellendam, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with affect from 1 July 2017 the tariffs for

property rates; electricity-; water-; sanitation-; solid waste services and other services charges as set out in Annexure A, in principle for public scrutiny and comment:

3. That the Council take cognisance of the draft SDBIP for 2017/18 and the draft performance agreements of the senior managers and that these documents be placed on the website.

4. That the following policies be approved in principle for public scrutiny and comment and the public invited to scrutinise it on the website or at the various municipal buildings or libraries:

(i) Rates Policy
(ii) Customer care, credit control and debt collection policy
(iii) Bad debt write-off policy
(iv) Irregular expenditure policy
(v) Tariff policy
(vi) Funding and Reserve policy
(vii) Budget policy
(viii) Banking, cash management and investment policy
(ix) SCM policy
(x) Preferential Procurement Policy
(xi) Asset Management Policy
(xii) Petty Cash Policy
(xiii) Indigent Policy
(xiv) Borrowing Policy

Proposed: Cllr. N.G. Myburgh
Seconded: Cllr. E.J. Lamprecht

As there are TWO DULY seconded PROPOSALS, the Speaker rules that a vote, by show of hands is taken on the matter.

Council votes as follows:

Proposal 1: Cllr. J.A. Matthysen; M.T.A. Swart; M.G. du Plessis; Ald. J.C. Nortje (four votes)

Proposal 2: Cllr. B.O. Sonqwenqwe; N.G. Myburgh; A.M. Pokwas; E.J. Lamprecht; H.F. du Rand and Ald. M.J. Koch (six votes).

RESOLVED BY MAJORITY VOTE **Item A48/30/03/2017**

The Council approved and adopted the following resolutions in principle for public scrutiny and comment:

1. The Council of Swellendam Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:

1.1 The annual budget of the municipality for the financial year 2017/18 and the multi-year and single-year capital appropriations as set out in the following tables:(version 2.8 refers to audited outcomes for 2013/14, 2014/15, 2015/16 financial years and budgeted information as well as forecast for 2016/17 financial year and version 6.1 refers to 2017/18, 2018/19 and 2019/20 financial years)

1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Section 4 of the annual budget report Table A2 of the 2.8 and 6.1 version;
1.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Section 4 of the annual budget report Table A3 of the 2.8 and 6.1 version;
1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Section 4 of the annual budget report Table A4 of the 2.8 and 6.1 version; and

1.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Section 4 of the annual budget report Table A5 of the 2.8 and 6.1 version.

1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus asset management and basic service delivery targets are approved as set out in the following tables:

1.2.1 Budgeted Financial Position as contained in Section 4 of the annual budget report Table A6 of the 2.8 and 6.1 version;
1.2.2 Budgeted Cash Flows as contained in Section 4 of the annual budget report Table A7 of the 2.8 and 6.1 version;
1.2.3 Cash backed reserves and accumulated surplus reconciliation as contained in Section 4 of the annual budget report Table A8 of the 2.8 and 6.1 version
1.2.4 Asset management as contained in Section 4 of the annual budget report Table A9 of the 2.8 and 6.1 version and
1.2.5 Basic service delivery measurement as contained in Section 4 of the annual budget report Table A10 of the 2.8 and 6.1 version.

2. The Council of Swellendam, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with affect from 1 July 2017 the tariffs for property rates; electricity-; water-; sanitation-; solid waste services and other services charges as set out in Annexure A, in principle for public scrutiny and comment:
3. That the Council take cognisance of the draft SDBIP for 2017/18 and the draft performance agreements of the senior managers and that these documents be placed on the website.
4. That the following policies be approved in principle for public scrutiny and comment and the public invited to scrutinise it on the website or at the various municipal buildings or libraries:
   (i) Rates Policy
   (ii) Customer care, credit control and debt collection policy
   (iii) Bad debt write-off policy
   (iv) Irregular expenditure policy
   (v) Tariff policy
   (vi) Funding and Reserve policy
   (vii) Budget policy
   (viii) Banking, cash management and investment policy
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   (xii) Petty Cash Policy
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The ANC requests that their vote against the resolution be recorded.